

MINUTES

**MONTANA SENATE
56th LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND INDUSTRY**

Call to Order: By **CHAIRMAN JOHN HERTEL**, on March 19, 1999 at
8:00 A.M., in Room 410 Capitol.

ROLL CALL

Members Present:

Sen. John Hertel, Chairman (R)
Sen. Mike Sprague, Vice Chairman (R)
Sen. Dale Berry (R)
Sen. Vicki Cocchiarella (D)
Sen. Bea McCarthy (D)
Sen. Glenn Roush (D)
Sen. Fred Thomas (R)

Members Excused: None.

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Mary Gay Wells, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 250, 3/10/1999
HB 390, 3/10/1999
Executive Action: HB 250; HB 390
HB 201; HB 264

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HEARING ON HB 250

Sponsor: REP. WILLIAM "BILL" REHBEIN, HD 100, LAMBERT

Proponents: Evan Barrett, MT Economic Development Assoc.
Jim Davison, President, MT Economic Development
Assoc.
Gloria Palatichuk, Richland Economic Development

Opponents: None

Opening Statement by Sponsor:

REP. WILLIAM "BILL" REHBEIN, HD 100, LAMBERT. I am bringing this bill on behalf of the MT Economic Development organizations. The idea came to me from our local economics developer back in Sidney. The bill simply allows an independent, non-profit economic development organization to come under the county's health insurance program. It is optional. The county commissioners and city government can say "no", "yes", "you can pay your own way", or "we will pay it for you or proportionately". It opens the door and gives the economic developers one more tool to work with.

Proponents' Testimony:

Evan Barrett, MT Economic Developers Assoc., Butte. We are in support of this bill on behalf of all the organizations across the state who are members of our association. There are about 30-40 organizations across the state. Each one might have 2-3 employees. There would be a possible 100 employees across the state that would be able to be covered under group insurance policies of the local government. The benefit of the bill is purely financial though there are other aspects. In Butte, we have 3 people. Our rates are very high. We could save approximately \$6000 by being under a group of the city or county. That saved money could be used on real economic development. It is totally discretionary on the part of the local governments.

Jim Davison, President, MT Economic Developers Assoc. We have about 100 members and they represent about 40-50 organizations. We see this as a bill to help people in smaller communities, especially those communities that have one or two employees in their organization. They have difficulty raising funds and having support of the local governments. This is a way that would allow people into agencies and they could be supported without actual cash, which benefits local governments and the agencies. It also provides benefits that entice employees to stay with organizations. Often in smaller communities, people go in, get started, and because there are no benefits they have to leave for the family's sake. This will provide some continuity.

Economic development is a long term project and this will help them to be able to stay and be more effective. This would also show support from the local communities for these economic development organizations. We urge your favorable consideration.

Gloria Palatichuk, Richland Economic Development. We would like to go on record in support of this bill. Our small community has had a difficult time keeping our economic development director. This director has been there the longest. He is very good and we would like to keep him. It would be a big help to be able to offer him health insurance as a benefit. Being optional, the commissioners could tell him that he would be eligible, but pay for himself. The taxpayers also have a say in it because they can come in when the commissioners have their budgetary meeting. We urge your support of this bill.

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Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. MCCARTHY asked **Jim Davison** if other non-profit organizations could be included in this bill. **Mr. Davison** said that he could see other companion type economic development organizations that would want to be included. I don't see a problem if other non-profit organizations would be included in this kind of a bill. But it might depend on the relationship of those non-profits to local governments.

SEN. COCCHIARELLA asked **REP. REHBEIN** what the position of cities and counties are on the bill. **REP. REHBEIN** said he thought that as long as everything is completely optional, they have not shown any opposition. They have not testified as proponents or opponents. **SEN. COCCHIARELLA** asked if he thought some cities or towns might do this? **REP. REHBEIN** said that possibly Richland County might do it. The county commissioners are really behind economic development and they might do it. He wasn't really sure. Fire departments have come forth and maybe there are other non-profits who could benefit from this type of legislation. It does put a little more power in the county commissioners. But they would be very responsible for their actions. And there has been no opposition to this bill from the insurance people.

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SEN. SPRAGUE asked **REP. REHBEIN** if the taxpayers would know if they were paying for health insurance for the economic development non-profit organization. **REP. REHBEIN** said that was

true of many things that county commissioners do. Of course, the taxpayers have the right to go to the budget meetings of the commissioners. Many don't, but they could.

SEN. SPRAGUE asked **Mr. Davison** if most of the economic development organizations are a quasi government entity. They were developed so that they could be unhindered by the "people". **Mr. Davison** said that they are quasi entities. There isn't an economic development agency in the state that doesn't have some sort of public representation on their boards of directors to make sure there is public accountability.

SEN. SPRAGUE said these economic development quasi government organizations were never approved by the voters. **Mr. Davison** said for the most part "no", they were not approved by the voters. **SEN. SPRAGUE** then said they are an extension of county government and now you are asking the legislature to extend county government authority to give benefits and the taxpayers are not really engaged in that.

SEN. SPRAGUE said would you be willing to have a vote of the people on this? **Mr. Davison** said he didn't think agencies would have a problem doing that.

SEN. SPRAGUE asked **Mr. Barrett** if he would have a problem with taking this expansion and expense to the vote of the people. **Mr. Barrett** said the bill, as written, provides an option for the local government to pay. In most cases, the development organizations would pay their own premiums and would only be under the umbrella policy. In Butte, when they make application for this, they do not expect the county to pay for the benefits.

SEN. SPRAGUE said on line 25, the local government could pay all or part of the cost. Maybe it should be narrowed to say that the organizational people should pay their own premiums and not the local government at all. **Mr. Barrett** said that this little bit of extra authority certainly is not too much and they can choose whichever version they would like to do. A vote to the people would not be a good idea.

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SEN. BERRY asked **Ms. Palatichuk** to comment. **Ms. Palatichuk** said that as a former county commissioner for Richland County, the budget is turned into the commissioners. There is a line item for health benefits and often times taxpayers come in to look at this line or other lines. This could also be a tax savings for the county. You can offer the director less money if you can offer the benefit of a health insurance plan. Many small

communities have their economic development director on half time and they work half time as county planner.

SEN. SPRAGUE asked if anyone knew the salaries of a director. The answers ranged from \$25,000 to \$70,000.

Closing by Sponsor:

REP. REHBEIN closed. It is important to remember that most of these organizations have 3 or less employees. We are simply offering a benefit to further enhance their ability to stay and work for the cities and counties. This would give them the opportunity for a less expensive health insurance. This bill goes along with the spirit of the session of economic development. I would prefer to leave the decisions up to the county commissioners and not a vote of the people because they elect their representatives and those representatives should be responsible to the voters. **SEN. MCNUTT** will carry the bill on the Senate Floor.

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HEARING ON HB 390

Sponsor: **REP. BOB LAWSON, HD 80, WHITEFISH**

Proponents: **Steve Meloy, Administrator, Division of Professional & Occupational Licensing, Department of Commerce.**

Opponents: **None**

Opening Statement by Sponsor:

REP. BOB LAWSON, HD 80, WHITEFISH. This bill was started because of a former student who had an Idaho journeyman's license from July of 1998. He moved to Montana. He had a job in Great Falls. He took the test on Sept. 12, 1998 and failed the test. The next test was Dec. 12, 1998. His options were not to work in his trade or cheat and work without a license. He called and said I couldn't help him out but maybe for others in the future. This bill gives the Boards of Plumbers and Electricians the discretion to renew a temporary practice permit for a person who fails the first license examination. Since this test is given only four times a year, my goal is to keep those folks working till the next available test. Look on page 1, lines 24 through 28 and you see stricken language. I got carried away and realized my error. I then narrowed my bill to address only plumbers and electricians. In addition to a temporary permit, the person must be planning on taking the next available test.

Proponents' Testimony:

Steve Meloy, Administrator, Division of Professional & Occupational Licensing, Department of Commerce. I support this bill because it solves a great dilemma for us. The temporary permit language prohibits a doctor who passes his educational prerequisites, gets his degrees but fails the examination. We issue him a temporary permit until he takes the exam again. If he fails the exam again, the temporary permit expires. But with the building trades, specifically plumbing and electricity, it causes a hardship that isn't necessarily protecting public health and safety. Most of these individuals have already been practicing for five years for their journeyman's license. Usually they fail by one or two points. Our examination is written by the Board and is geared toward commercial building. Someone from out of state may have been working for twenty years on industrial wiring or plumbing. So if they miss by a few points, they can't work either. It is hard for us to tell them they can't work. We recommend you give favorable consideration to this bill. Thank you.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. MCCARTHY asked **REP. LARSON** how often a person would be able to fail the exam and keep working. **REP. LARSON** said his intention was just one time. In the story of the man from Idaho, the test in Boise is given four days a week. In the rest of Idaho the test is given once a month. In Montana, the test is given four times a year.

Closing by Sponsor:

REP. LARSON closed. Thank you for a good hearing . **SEN. BERRY** will carry the bill on the Senate Floor.

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EXECUTIVE ACTION ON HB 390

Motion/Vote: **SEN. BERRY** moved that HB 390 BE CONCURRED IN.
Motion carried unanimously. 7-0

SEN. BERRY will carry the bill on the Senate Floor.

EXECUTIVE ACTION ON HB 250

Motion: SEN. COCCHIARELLA moved that HB 250 BE CONCURRED IN.

Discussion: SEN. SPRAGUE said that the committee would not get a fiscal note on this bill because it is a county expense. A county expense is a taxpayer expense. He feels that the legislature has done enough to circumvent the taxpayers. The counties are going to say the legislature gave them an unfunded mandate. They will tell the voters that the legislature made them do it. They should be able to buy at a group fare. That is good. I would like to make the bill say that they could buy at a group rate and pay for their premiums. Even though it says the counties may or may not, the counties do things that go unnoticed by the taxpayers.

SEN. MCCARTHY said she hopes this bill will be opened up for other non-profit groups to be able to get group insurance.

SEN. BERRY said he sees this bill as an opportunity to the counties as a little nudge to keep on going.

SEN. HERTEL said he knows his county commissioners would have their thumb right on top of this situation. Maybe down the road, it could be different.

SEN. SPRAGUE said he understood this bill was here in 1997. Mr. Campbell said he had seen this bill in the last session and had gone through Local Government.

Vote: Motion that HB 250 BE CONCURRED IN carried 6-1 with SEN. SPRAGUE voting no.

SEN. MCNUTT will carry the bill on the Senate Floor.

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EXECUTIVE ACTION ON HB 201

Motion/Vote: SEN. MCCARTHY moved that HB 201 BE CONCURRED IN.
Motion carried unanimously. 7-0

SEN. COCCHIARELLA will carry the bill on the Senate Floor.

EXECUTIVE ACTION ON HB 264

Motion/Vote: SEN. MCCARTHY moved that HB 264 BE CONCURRED IN.
Motion carried unanimously. 7-0

SEN. COCCHIARELLA will carry the bill on the Senate Floor

ADJOURNMENT

Adjournment: 8:50 A.M.

SEN. JOHN HERTEL, Chairman

MARY GAY WELLS, Secretary

JH/MGW

EXHIBIT (bus62aad)